



State of Utah

DEPARTMENT OF NATURAL RESOURCES
DIVISION OF OIL, GAS AND MINING

Michael O. Leavitt
Governor

Kathleen Clarke
Executive Director

Lowell P. Braxton
Division Director

1594 West North Temple, Suite 1210

PO Box 145801

Salt Lake City, Utah 84114-5801

801-538-5340

801-359-3940 (Fax)

801-538-7223 (TDD)

July 22, 1999

Certified Return Receipt

P 074 978 606

Gary Applegate
Indian Queen Marble, LLC
1275 North Main
P.O. Box 668
Tooele, Utah 84074

Re: Formal Approval of Form and Amount of Replacement Reclamation Surety, Indian Queen Marble, LLC, Indian Queen Marble Mine, M/001/019, Beaver County, Utah

Dear Mr. Applegate:

On July 14, 1999, the Associate Director of the Division of Oil, Gas and Mining formally approved the form and amount of replacement reclamation surety for Indian Queen Marble LLC's, Indian Queen Marble mine. The reclamation surety in the amount of \$29,000 is in the form of a surety bond #64916-SD issued by Frontier Insurance Company. This surety replaces the "interim" surety that was posted in 1996 by Russell Harden. The Division hereby grants its final approval of this replacement reclamation surety.

Enclosed please find copies of the fully signed and executed Reclamation Contract and surety bond forms for your files. We are also enclosing the original "interim" surety bond which was posted by Russell Horton with two accompanying riders for your disposal or return to Frontier Insurance Company.

Thank you for your help and patience in finalizing this permitting action. Please call me if you have any questions in this regard.

Sincerely,

D. Wayne Hedberg
Permit Supervisor
Minerals Regulatory Program

KC

Enclosures: Interim Surety w/2 riders

cc: Russell P. Horton

M01-19.apv

STATE OF UTAH
DEPARTMENT OF NATURAL RESOURCES
Division of Oil, Gas and Mining
1594 West North Temple Suite 1210
PO Box 145801
Salt Lake City, Utah 84114-5801
Telephone: (801) 538-5291
Fax: (801) 359-3940

*Surety
Replaced -
this original
returned 7-26-99
JB*

THE MINED LAND RECLAMATION ACT

(INTERIM) SURETY BOND

(*) Asterisked items are not applicable for an "interim" reclamation surety. These items will be completed upon final approval of the large mine permit.

The undersigned R.P. HORTON, as
Principal, and FRONTIER INSURANCE COMPANY, as
Surety, hereby jointly and severally bind ourselves, our heirs, administrators, executors,
successors, and assigns, jointly and severally, unto the State of Utah, Division of Oil, Gas
and Mining (Division) in the penal sum of FIFTEEN THOUSAND & NO/100*****
dollars (\$ 15,000.00*****).

Principal has estimated in the Mining and Reclamation Plan approved by the Division
on the * day of *, 19 *, that * acres of
land will be disturbed by mining operation in the State of Utah.

A description of the disturbed land is attached as "Attachment A" to the
Reclamation Contract, of which this document is an integral part.

The condition of this obligation is that if the Division determines that Principal has
satisfactorily reclaimed the disturbed lands in accordance with the approved Mining and
Reclamation Plan and has faithfully performed all requirements of the Mined Land
Reclamation Act, and complied with the Rules and Regulations adopted in accordance
therewith, then this obligation shall be void; otherwise it shall remain in full force and effect.

If the Mining and Reclamation Plan provides for periodic partial reclamation of the
disturbed lands, and if the lands are reclaimed in accordance with such Plan, Act and
regulations, then Principal may apply for a reduction in the amount of this Surety Bond.

In the converse, if the Mining and Reclamation Plan provides for a gradual increase
in the area disturbed or the extent of disturbance, then, the Division may require that the
amount of this Surety Bond be increased, with the written approval of the Surety.

This bond may be canceled by Surety after ninety (90) days following receipt by the Division and Principal of written notice of such cancellation. Surety's liability shall then, at the expiration of said ninety (90) days, cease and terminate except that Surety will remain fully liable for all reclamation obligations of the Principal incurred prior to the date of termination.

Principal and Surety and their successors and assigns agree to guarantee said obligation and to indemnify, defend, and hold harmless the Division from any and all expenses (including attorney fees) which the Division may sustain in the collection of sums due hereunder.

Surety will give prompt notice to Principal and to the Division of the filing of any petition or the commencement of any proceeding relating to the bankruptcy, insolvency, reorganization, or adjustment of the debts of Surety, or alleging any violation or regulatory requirements which could result in suspension or revocation of the Surety's license to do business.

IN WITNESS WHEREOF, the Principal and Surety hereunto set their signatures and seals as of the dates set forth below.

R.P. HORTON
Principal (Permittee)

August 1, 1996
Date

R.P. HORTON
By (Name typed):

OWNER-CONSULTANT
Title

 R.P. Horton
Signature

Surety Company FRONTIER INSURANCE COMPANY

VELMA J. ROWLAND
Company Officer

AUGUST 1, 1996
Date

ATTORNEY-IN-FACT/NEVADA RESIDENT AGENT
Title/Position

Velma J. Rowland
Signature

SPENCER DOUGLASS AND ASSOC. OF NEVADA
1005 TERMINAL WAY, #120
RENO, NEVADA 89502

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MR-5 (revised June 10, 1996)
Attachment B

Bond Number _____
Permit Number M/001/019
Mine Name INDIAN QUEEN MARBLE, LLC

SO AGREED this _____ day of _____, 19_____.

AND APPROVED AS TO FORM AND AMOUNT OF SURETY:

Dave D. Lauriski, Chairman
Utah State Board of Oil, Gas and Mining

*NOTE: Where one signs by virtue of Power of Attorney for a Surety, such Power of Attorney must be filed with this bond. If the Operator is a corporation, the bond shall be executed by its duly authorized officer.

AFFIDAVIT OF QUALIFICATION

On the 1ST day of AUGUST, 1996, personally appeared before me
VELMA J. ROWLAND who being
by me duly sworn did say that he/she, the said VELMA J. ROWLAND is the
ATTORNEY-IN-FACT of FRONTIER INSURANCE COMPANY and duly
acknowledged that said instrument was signed on behalf of said company by authority of its
bylaws or a resolution of its board of directors and said
VELMA J. ROWLAND duly acknowledged to me that said company
executed the same, and that he/she is duly authorized to execute and deliver the foregoing
obligations; that said Surety is authorized to execute the same and has complied in all
respects with the laws of Utah in reference to becoming sole surety upon bonds, undertaking
and obligations.

Signed: Velma J. Rowland
Surety Officer

Title: ATTORNEY-IN FACT

STATE OF NEVADA)
COUNTY OF WASHOE) ss:

Subscribed and sworn to before me this 1ST day of AUGUST, 1996.



Debra R. Nelson
Notary Public
Residing at: 1005 TERMINAL WAY, #120
RENO, NEVADA 89502

My Commission Expires:

APRIL 12, 1999

POWER OF ATTORNEY

Know All Men By These Presents: That FRONTIER INSURANCE COMPANY, a New York Corporation, having its principal office in Rock Hill, New York, pursuant to the following resolution, adopted by the Board of Directors of the Corporation on the 4th day of November, 1985:

"RESOLVED, that the Chairman of the Board, the President, or any Vice President be, and hereby is, authorized to appoint Attorneys-in-Fact to represent and act for and on behalf of the Company to execute bonds, undertakings, recognizances and other contracts of indemnity and writings obligatory in the nature thereof, and to attach thereto the corporate seal of the Company, in the transaction of its surety business;

"RESOLVED, that the signatures and attestations of such officers and the seal of the Company may be affixed to any such Power of Attorney or to any certificate relating thereto by facsimile, and any such Power of Attorney or certificate bearing such facsimile signatures or facsimile seal shall be valid and binding upon the Company when so affixed with respect to any bond, undertaking, recognizance or other contract of indemnity or writing obligatory in the nature thereof;

"RESOLVED, that any such Attorney-in-Fact delivering a secretarial certification that the foregoing resolutions still be in effect may insert in such certification the date thereof, said date to be not later than the date of delivery thereof by such Attorney-in-Fact."

This Power of Attorney is signed and sealed in facsimile under and by the authority of the above Resolution

DOES HEREBY MAKE, CONSTITUTE AND APPOINT:

VELMA J. ROWLAND

of **Reno**, in the State of **Nevada**,
its true and lawful Attorney(s)-in-Fact with full power and authority hereby conferred in its name, place and stead to sign, execute, acknowledge and deliver in its behalf, and as its act and deed, without power of redelegation, as follows

Bonds guaranteeing the fidelity of persons holding places of public or private trust, guaranteeing the performance of contracts other than insurance policies, and executing or guaranteeing bonds and undertakings required or permitted in all actions or proceedings or by law allowed, IN AN AMOUNT NOT TO EXCEED SIX HUNDRED FIFTY THOUSAND (\$650,000 00) DOLLARS; and to bind FRONTIER INSURANCE COMPANY thereby as fully and to the same extent as if such bond or undertaking was signed by the duly authorized officers of FRONTIER INSURANCE COMPANY, and all the acts of said Attorney(s)-in-Fact pursuant to the authority herein given are hereby ratified and confirmed

In Witness Whereof, FRONTIER INSURANCE COMPANY of Rock Hill, New York, has caused this Power of Attorney to be signed by its President and its Corporate seal to be affixed this **15th** day of **December**, 19 **95**

FRONTIER INSURANCE COMPANY

State of New York
County of Sullivan

ss




BY


WALTER A. RHULEN, President

On this **15th** day of **December**, 19 **95**, before the subscriber, a Notary Public of the State of New York in and for the County of Sullivan, duly commissioned and qualified, came WALTER A. RHULEN of FRONTIER INSURANCE COMPANY to me personally known to be the individual and officer described herein, and who executed the preceding instrument, and acknowledged the execution of the same, and being by me duly sworn, deposed and said, that he is the officer of the Company aforesaid, and that the seal affixed to the preceding instrument is the Corporate Seal of the Company, and the Corporate Seal and signature as an officer were duly affixed and subscribed to the said instrument by the authority and direction of the Corporation, and that the resolution of the Company, referred to in the preceding instrument, is now in force

In Testimony Whereof, I have hereunto set my hand, and affixed my official seal at Rock Hill, New York, the day and year above written





CHRISTINE I. LANE
Notary Public State of New York
Sullivan County Clerk's No. 1996
Commission Expires May 2, 1996

CERTIFICATION

I, JOSEPH P. LOUGHLIN, Secretary of FRONTIER INSURANCE COMPANY of Rock Hill, New York, do hereby certify that the foregoing Resolution adopted by the Board of Directors of this Corporation and the Powers of Attorney issued pursuant thereto, are true and correct, and that both the Resolution and the Powers of Attorney are in full force and effect.

In Witness Whereof, I have hereunto set my hand and affixed the facsimile seal of the corporation this **1ST** day of **AUGUST**, 1996




JOSEPH P. LOUGHLIN, Secretary

SURETY RIDER

m/001/019

this original returned 7/26/99

To be attached to and form a part of Bond Number _____ In the amount
of \$15,000.00 on behalf of R.P. HORTON

as Principal and executed by FRONTIER INSURANCE COMPANY as Surety in favor of _____

STATE OF UTAH, DEPT. OF NATURAL RESOURCES

EFFECTIVE DATE OF BOND JULY 31, 1996

EFFECTIVE DATE OF CHANGE FEBRUARY 25, 1999

In consideration of the mutual agreements herein contained, the Principal and the Surety hereby consent to

INCREASING THE BOND AMOUNT

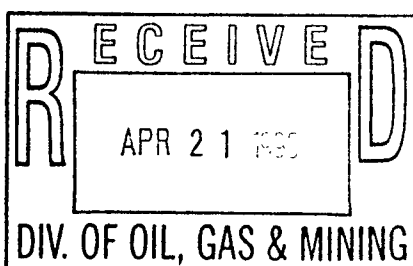
TO: \$29,000.00

Nothing herein contained shall vary, alter or extend any provision or condition of the bond except as herein expressly stated.

Signed, Sealed & Dated this 16TH day of MARCH, 1999.

FRONTIER INSURANCE COMPANY
Surety

By Velma J. Rowland
Velma J. Rowland, Attorney-in-fact & Nv.
Resident Agent
Spencer Douglass & Assoc. Of Nv.
1005 Terminal Way #120
Reno, Nv. 89502



SURETY RIDER

*this original
returned 7-26-99
JB*

To be attached to and form a part of Bond No. _____

in the amount \$ 29,000.00 on behalf of R.P. HORTON

as Principal and executed by Frontier Insurance Company

as Surety in favor of STATE OF UTAH, DEPT. OF NATURAL RESOURCES

Effective Date of Bond JULY 31, 1996

Effective Date of Change JULY 31, 1999

In consideration of the mutual agreements herein contained, the Principal and the Surety hereby consent to

CHANGING THE COMPANY NAME

TO: INDIAN QUEEN MARBLE CO.

Nothing herein contained shall vary, alter or extend any provision or condition of this bond except as herein expressly stated.

Signed, Sealed & Dated this 5TH day of MAY, 1999.

Frontier Insurance Company

Surety

Velma J. Rowland

Attorney-in-fact VELMA J. ROWLAND

FRONTIER INSURANCE CO./SPENCER DOUGLASS
1005 TERMINAL WAY, #120
RENO, NV. 89502

